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MAXIM
Power Corp

ANNUAL REPORT 2000

Corporate Profile

Maxim Power Corp. ("MAXIM") was formed through a reverse takeover of Jupiter Power International Inc. by the privately held Maxim Energy Group Ltd. Today, MAXIM is a diverse independent power project development Corporation whose mission is to enhance shareholder and customer value by developing, owning, and operating competitive, innovative, and environmentally responsible thermal and electric energy projects.

MAXIM specializes in distributed power applications whereby smaller generating units are installed in close proximity to the point of demand to eliminate transmission system costs and power losses. MAXIM has expertise in financing, constructing, and operating state-of-the-art distributed power projects. The Corporation's main operations are in Canada, Europe, and Asia. As at December 31, 2000, the Corporation owned and operated 20 megawatts of installed generation capacity.

MAXIM places great importance on adding value and innovation to the power production equation. Operating in an environment of high integrity and ethics, MAXIM focuses on a mutual gains approach to satisfy customers and shareholders. MAXIM's goal is to be both North America's fastest growing independent power producer and the international distributed power Corporation of choice.

The Corporation trades on the Canadian Venture Exchange under the symbol "MXG".

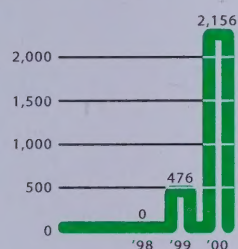
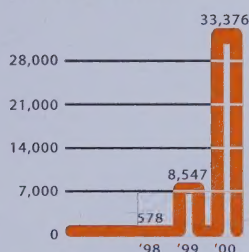
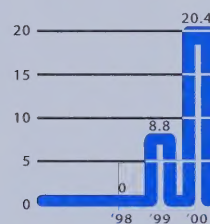
On the Cover

Like the popcorn on this cover, MAXIM is experiencing explosive growth. From the initial kernel of an idea to develop alternative power opportunities, the Corporation has significantly expanded its capabilities and its offerings to customers. MAXIM is building an international business on the potent concept of capturing unused energy sources and releasing energy to users where and when they need it.



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Revenues
(thousands of dollars)

Total Assets
(thousands of dollars)

Installed Capacity
(MW)


Financial and Operational Highlights

Years ended December 31,
(in thousands of dollars except per share amounts)

	2000	1999	1998
> Financial Performance			
Revenue	2,156	476	—
Net earnings	(1,491)	(1,248)	(16)
Per share*	(\$0.05)	(\$0.08)	(\$0.00)
EBITDA**	(438)	(837)	(16)
Per share*	(\$0.01)	(\$0.05)	(\$0.00)
Cash flow from operations	(711)	(734)	(16)
Per share*	(\$0.02)	(\$0.05)	(\$0.00)
Weighted average number of shares (thousands)			
Basic & diluted	32,035	15,757	14,505
Total shares outstanding (thousands) – basic	49,180	13,694	14,769
> Financial Position			
Total assets	33,376	8,547	578
Capital assets	17,247	5,914	—
Shareholders' equity	13,814	1,445	564
Total debt	4,064	2,374	—
Non-controlling interests	11,096	—	—
> Operational Data			
Installed capacity at year end (MW)	20.4	8.8	—
Sales of electricity	1,851	330	—
Electricity deliveries (GWh)	46.0	13.4	—
Average selling price (\$/MWh)	40.3	24.6	—

* Basic and fully diluted

** Earnings before interest, taxes, depreciation and amortization



From left to right:
John Bobenic, President and
Chief Executive Officer
and Alan Moon, Chairman of
the Board

Message to Shareholders

MAXIM is very proud of its accomplishments in the year 2000.

Most notably, MAXIM more than doubled in size in terms of installed generating capacity and became a publicly traded entity with the reverse takeover of Jupiter Power International Inc. ("Jupiter") in December 2000. This business combination created significant benefits for shareholders, including the creation of a team of power industry professionals with decades of experience, the addition of Asia to existing operations in Canada and Europe, and a strategic partnership with Caterpillar Power Ventures International Ltd., a subsidiary of one of the largest manufacturers of power generation equipment for electric power plants of up to 100 megawatts.

Subsequent to year end, MAXIM also entered into a strategic partnership with Etho Power Corporation ("ETHO"), a Canadian private capital company that has developed a proprietary biomass to electricity generating system utilizing gasifiers, heat exchangers, and air turbines. Our investment in ETHO offers MAXIM a long-term strategic platform to capitalize on the growing trend of biomass and waste to energy systems as green power generation technologies. ETHO not only helps us build on our Creative Energy Solutions approach, it dramatically enhances our ability to continue to access low-cost or no-cost fuel alternatives to position MAXIM as the least-cost distributed power alternative in the marketplace.

The power business requires significant sums of capital, and MAXIM's ability to access capital markets for financing purposes is also a noteworthy achievement. During the third quarter of 2000, Maxim Energy Group Ltd. completed the offering of

special warrants on a private placement basis totaling \$5.9 million of gross proceeds. In February 2001, Maxim Power Corp. completed another offering of special warrants on a private placement basis totaling \$6.0 million of gross proceeds.

Year 2000 also reflected the first full year of operations for our three power plants in Europe, which have a total of 8.8 megawatts of installed capacity. With the recently acquired 10.8 megawatts of net installed capacity in Asia and our newly commissioned 0.8 megawatt project in Gift Lake, Alberta, we move into 2001 with over 20 megawatts of installed capacity.

As market fundamentals continue to favour the distributed power model, we expect that year 2001 will be a banner year for MAXIM.

Deregulation of the energy industry on a worldwide basis has resulted in rapid and significant changes to power markets. The historical model of regulated monopolies and integrated utilities providing the supply side or capacity solutions has made way for Independent Power Producers ("IPP's") such as MAXIM.

MAXIM is focussed on distributed power opportunities utilizing smaller scale, modular power plant designs with short project development cycles. As market fundamentals continue to favour the distributed power model, we expect that year 2001 will be a banner year for MAXIM.

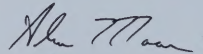
Worldwide energy consumption is projected to grow by 59 percent over the next two decades, according to the US Department of Energy's International Energy Outlook 2001. One half of the projected growth is expected to occur in developing markets such as Asia, Central America, and South America. With our current operations in Europe, Australasia, and North America, MAXIM is well positioned to be a strong global competitor in distributed power.

Market fundamentals and the support of capital markets are moving in a favourable direction for what will be extraordinary growth for MAXIM. Growth made possible by the strengths of a highly competent and energetic team that is committed to the success of MAXIM.

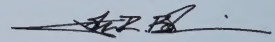
On behalf of Maxim Power Corp., we would like to thank our shareholders for their support and the Board of Directors and employees for their considerable efforts. Going forward, shareholders can be assured that a very disciplined approach to capital allocation and management will remain one of the core values at MAXIM.

The year 2000 was a memorable year and we look forward to working together to make 2001 an even more successful year.

Sincerely,



Alan C. Moon
Chairman of the Board



John R. Bobenic
President and Chief
Executive Officer

Review of Operations

Since its inception, MAXIM has focused on the development and operation of small-scale distributed power generation projects. With its recent acquisition of Jupiter Power International Inc., MAXIM owns and operates eight plants in Europe, Canada and Asia. MAXIM's share of electricity generation for 2000 was 47,945 megawatt hours, an increase of 255 percent over the prior year's generation of 13,434 megawatt hours. Revenues for the same period have increased by 350 percent.

Europe

MAXIM's first project was a 0.3 megawatt landfill gas recovery project in Riederberg, Austria in 1999. The Corporation built on this experience to develop two additional generating assets in Europe – the 0.3 megawatt landfill gas recovery project in Ammann, Austria and the 8.2 megawatt combined heat and power ("CHP") project in Ravne, Slovenia. Both of these projects were commissioned in the fourth quarter of 1999.

MAXIM's European projects are tied to long-term power sales agreements with local customers, ranging in length from five to seven years. MAXIM initially focused on Europe, which at the time was one of the most liberalized electricity markets in the world. There has also been a greater awareness in Europe of the environmental factors influencing power generation

choices. This awareness has resulted in the creation of significant drivers for clean-burning, gas-fired distributed generation projects. When waste products such as landfill gas – which would otherwise be vented to the atmosphere – are used, the environmental benefits are significant. Combined heat and power or cogeneration projects have also received strong support in Europe as a result of their better overall efficiencies and reduced environmental impacts.

> **Ammann** One Jenbacher 208 landfill gas generation module (0.3 megawatts) has been in operation at the Boeschistobel landfill site in Austria since December 1999. Electricity is utilized on-site with excess power sold to the local grid. Heat is not recovered.

> **Ravne** Three Jenbacher 620 natural gas generation modules (8.2 megawatts) have been in operation at the Ravne Steelworks site in Slovenia since October 1999. This plant provides electricity to the Steelworks and the local grid. Heat is recovered for use within the Steelworks and for the community of Ravne district heating system.

> **Riederberg** One Jenbacher 208 landfill gas generation module (0.3 megawatts) has been in operation at the Riederberg landfill site in Austria since March 1997. Electricity is utilized on site and excess power is sold to the local grid. Heat is not recovered.

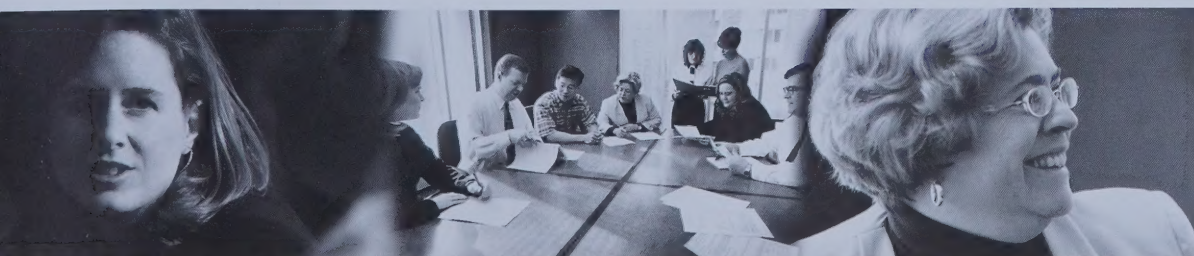




[1] North American electricity deregulation is quickly reshaping the power generation market. With its technical expertise and innovative solutions, MAXIM is able to capitalize on this opportunity.

[2] Slovenia and Austria continue to provide MAXIM with a strong European platform. Landfill gas projects utilize waste fuels and provide environmentally sound alternatives to generation projects. The use of waste fuels assists MAXIM in complying with strict emissions standards and dramatically reduces costs.

[3] MAXIM's strategic relationship with Caterpillar Power Ventures International Ltd., has brought unique opportunities in Cambodia – an underdeveloped nation with critical power generation requirements.



Canada

As the power industry deregulates in both the United States and Canada, MAXIM is concentrating its development efforts in North America. Specifically, MAXIM has purchased 25 megawatts of power capacity for the recently deregulated Alberta market. The power, which will utilize modular natural gas fired generating systems, will be sold under innovative marketing arrangements to address the power capacity shortfall in the province. Commissioning of the project will occur in the summer of 2001.

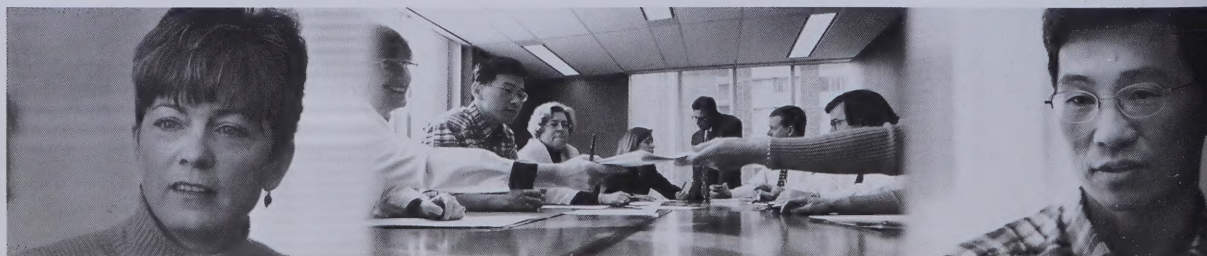
MAXIM will continue to combine the relationships and experience gained through its European projects with its knowledge of North American power markets in order to successfully negotiate, commission, and operate distributed generation projects in Canada and the United States.

> **Gift Lake** One Solar Saturn T1200 turbine generator container (0.8 megawatts). This plant utilizes waste flare gas from an oilfield battery to generate electricity for sale to the grid. Heat is not recovered.

Operating Plant Capacity and Performance

(in thousands of dollars)

Market	Plant Description	Gross Capacity MW	Net Capacity MW	2000		1999	
				MWh	Revenue	MWh	Revenue
Europe	Ammann	0.3	0.3	2,366	127	—	—
	Ravne	8.2	8.2	42,164	1,174	11,934	169
	Riederberg	0.3	0.3	1,452	145	1,500	161
				45,982	1,446	13,434	330
Asia	Battambang	4.4	2.2	271	66	—	—
	C-1	15.0	7.7	1,584	312	—	—
	Kampong Chhnang	0.8	0.4	47	12	—	—
	Pursat	1.0	0.5	61	15	—	—
				1,963	405	—	—
Canada	Gift Lake	0.8	0.8	—	—	—	—
Total		30.8	20.4	47,945	1,851	13,434	330





Asia

Jupiter Power Cambodia Co., Ltd. ("Jupiter Power Cambodia"), MAXIM's joint venture with Caterpillar Power Ventures International, Ltd., has completed a banner year in terms of project development and construction. The highlight of this expansion was the construction and commissioning of the 15 megawatt C-1 project, which is located in the country's capital, Phnom Penh.

Since its creation, Jupiter Power Cambodia has built upon its success as an independent power producer operating in a region not previously recognized as attractive to foreign investment. With each of its four installations in Cambodia, Jupiter Power Cambodia has raised its level and standard of service while simultaneously increasing the flow of revenues from these projects. The C-1 project has a total installed capacity of 15 megawatts, which is comprised of 10 Caterpillar 3516HD high speed diesel engines. Each unit is enclosed in specially constructed containers linked and controlled by the latest in operations technology equipment. C-1 has quickly become the base plant for electrical supply to the city of Phnom Penh. MAXIM/Jupiter have succeeded in providing Cambodians with quality power at a price lower than historical norms due to the increased efficiency of the Caterpillar equipment.

Producing larger quantities of electricity translates into substantial revenues for the Corporation. In year 2000, sales in each of Battambang, Kampong Chhnang, and Pursat increased over prior year figures.

With the commissioning of C-1 and its expected monthly gross sales of U.S. \$800,000, Cambodian revenues will increase substantially in 2001.

Etho Power Corporation

In January 2001, MAXIM invested \$1.5 million in Etho Power Corporation ("ETHO") and has subsequently exercised options to increase its investment in ETHO to 25 percent.

ETHO is a Canadian company with a proprietary biomass to electricity generating system that utilizes gasifiers, heat exchangers, and air turbines. This technology delivers savings to customers by converting biomass or other waste streams to useable heat energy, displacing natural gas, diesel, or other fossil fuels. This system also removes the steam turbine systems with which traditional biomass plants operate. As a result, the ETHO technology is more efficient, produces fewer emissions, and is less expensive than traditional biomass systems.

MAXIM has an exclusive license for the utilization of the ETHO biomass to electricity and/or thermal recovery technology in Latin America and will co-market with ETHO globally as a provider of 'Build, Own, and Operate' services.

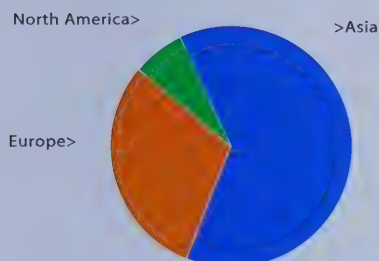
This important strategic investment provides MAXIM with the ability to capitalize on green power generation technologies. This further enhances the Corporation's ability to access low-cost fuel alternatives.



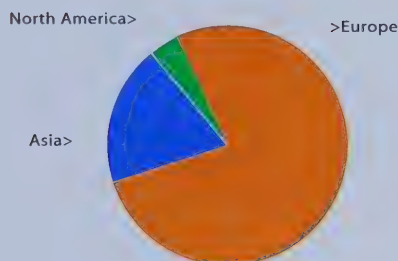
creative energy solutions

> MAXIM's explosive growth has more than doubled its size in terms of installed generating capacity.

2000 Assets
(in thousands of dollars)



2000 Revenues
(in thousands of dollars)



Management's Discussion and Analysis

Years ended December 31, (in thousands of dollars)		2000	1999
Revenues			
Europe	\$	1,665	\$ 476
Asia		405	–
North America		86	–
	\$	2,156	\$ 476
Assets			
Europe	\$	5,112	\$ 5,895
Asia		10,851	–
North America		1,284	19
	\$	17,247	\$ 5,914

Pursuant to a reverse take over, the shareholders of Maxim Energy Group Ltd. acquired Jupiter Power International Inc. on December 20, 2000. Subsequent to the acquisition, Jupiter Power International Inc. was renamed Maxim Power Corp. which now holds Maxim Energy Group Ltd. as its wholly owned subsidiary.

The financial statements and other information provided in this annual report reflect the continuation of Maxim Energy Group Ltd. and thereby include a full

12 months of results for its operations plus results from December 20, 2000, the date of acquisition, to December 31, 2000, for Jupiter Power International Inc.

Revenues and assets by geographic area shown previously reflect this reporting and show a full year's results for the Corporation's Ravne, Slovenia operation versus one month in 1999. Cambodian operations reflect the inclusion of 11 days of operations from the acquisition date to the fiscal year end.

Revenues

Consolidated electricity sales increased 350 percent from levels in 1999 due to the inclusion of a full year's operations from the Corporation's Ravne, Slovenia operation in year 2000 versus one month for the prior year after start up in December 1999. Also included in year 2000 revenues were revenues of \$405,000 from the Corporation's Cambodian operations for the 11 days from the acquisition date of December 20 to December 31, 2000. Revenues from the Austrian and Slovenian operations consist of fixed monthly payments for the availability of capacity representing approximately 55 percent of total revenues with variable payments based on electrical output representing the remaining 45 percent. Revenues from Cambodia are variable based on actual electrical output delivered and include a "flow through" of fuel costs incurred under the power purchase agreement. Revenues realized from the Cambodian operations for the fourth quarter of 2000 were \$3.4 million, but only 11 days of revenues from these Cambodian operations in the post acquisition period are included in total revenues as shown above.

Plant Operating Expenses

For the Austrian and Slovenian operations, a contract with Jenbacher AG covers the provision of operating and maintenance services. In Cambodia, the Corporation provides its own operating and maintenance services with local employees maintaining and operating the equipment and Caterpillar providing technical services as contracted.

General and Administrative Expenses

General and administrative expenses increased 22 percent over levels in 1999 due to the additional expenses incurred in the reverse takeover of Jupiter as well as the Corporation's issue of special warrants during

the year. The total head office staff increased from five to 13 people with the addition of more project management and evaluation staff commensurate with the Corporation's increased number of projects under evaluation and development.

Depreciation and Amortization

Depreciation increases are reflective of a full year's operations for the Ravne project in Slovenia plus a small increment for Cambodian operations in December. The remaining depreciable life of the European assets is approximately eight years, while the Cambodian assets have an average remaining life of five years before major overhaul expenses are required for the equipment.

Interest on Long-term Debt

Interest on long-term debt relates solely to MAXIM'S European operations where non-recourse project debt, denominated in Austrian schillings, finances the Corporation's assets. Interest rates are floating rates based on Euribor plus spreads of 0.75 percent to 2.75 percent. The increase of interest expense over 1999 levels results from the full-year operation of the Ravne project versus one month in 1999. No debt financing is in place for Cambodian operations where financing is provided through a preferred share minority interest held by our 49 percent joint venture partner, Caterpillar Power Ventures International Ltd.

Net Loss

The net loss for the fiscal year was \$1.5 million versus a net loss of \$1.2 million for fiscal 1999. While not achieving profitability in the year, MAXIM has established the revenue base that will lead to profitable operations in year 2001 once a full-year's results from its Cambodian operations are included and other projects under development are added.

Capital and Liquidity

> **Capital Expenditures** Of the total plant and equipment expenditures of \$1.3 million, approximately \$1.2 million represents the addition of the Gift Lake flare gas project in northern Alberta. Plant capacity is approximately 0.75 megawatts which will be sold into the Alberta Power Pool at spot prices.

> **Working Capital** Working capital increased from a working capital deficiency of \$2.7 million in 1999 to a positive amount of \$2.6 million in 2000 due to the addition of \$1.8 million of long-term debt previously reflected in accounts payable in regard to the Corporation's Ravne plant, the inclusion of net working capital of \$0.5 million included on acquisition of Jupiter and a net increase of MAXIM'S cash balances from proceeds on the issue of common shares during the year.

Long-term Debt

The Corporation's long-term debt relates solely to its European operations. Debt increased by a net \$1.8 million during the year with the proceeds utilized for the final payments on the Corporation's Ravne plant. The estimated remaining term of the debt, after giving effect to prepayment provisions, is eight years.

Equity

Share capital increased by \$13.7 million during the year to a total of \$17.2 million. The acquisition of Jupiter added \$8.4 million based on the fair market value of the MAXIM shares acquired in the reverse take over. The Corporation also issued 6.6 million special warrants at a price of \$0.90 per warrant with net proceeds after issue costs of \$5.3 million. In addition, the Corporation issued 60,000 shares at \$0.90 for net proceeds of \$54,000 for the acquisition of Comax Energy Ltd.

Risk Factors

Like any business, the power generating business has to deal with risks and risk mitigation.

> **Regulations Environment** Laws, regulations, and legal framework in any country of MAXIM'S present and future activities can be amended or imposed in a manner which could materially affect the treatment of the Corporation's facilities, operations and profitability, as well as the carrying out of current and future projects of the Corporation.

> **Environmental Considerations** The facilities encompass operations which require adherence to environmental standards imposed by regulatory bodies. Operating the power plants in strict compliance with regulatory standards may, in the future, require investments to modify the facilities.

> **Equipment Failure** The ability of the power plants to generate the maximum amount of power is determinant to the Corporation's profitability. Regular maintenance programs and insurance mitigate the risk of potential equipment failure and the consequent loss of revenues.

> **Commodity Prices** Revenues are partially dependent upon energy prices paid by customers. The Corporation's revenues are derived from both fixed payments and commodity-based energy prices. Contractual arrangements are sought that will mitigate the variation in the commodity-based revenue stream.

> **Fuel Price** Fuel price fluctuations will impact the Corporation's operations and profitability. The degree of impact can be minimized through proper structuring of the fuel supply agreements by linking the commodity price to the fuel price.

Management's Report

All information, including the consolidated financial statements in the annual report of Maxim Power Corp, is the responsibility of management and has been approved by the Directors. Financial information presented throughout this report is consistent with the data presented in the financial statements which are prepared in accordance with Canadian generally accepted accounting principles.

The Board of Directors carries out its responsibilities for the financial statements primarily through its Audit Committee. The Audit Committee meets annually with management and the independent auditors, each of whom has full, free access to the Committee.

The independent auditors are responsible for auditing the financial statements and giving an opinion thereon.



John R. Bobenic
President and
Chief Executive Officer



Gordon C. Ross
Vice President, Finance and Administration
Chief Financial Officer

April 5, 2001

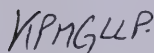
Auditors' Report

To the Shareholders of Maxim Power Corp.

We have audited the consolidated balance sheets of Maxim Power Corp. as at December 31, 2000 and 1999 and the consolidated statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Calgary, Canada
April 5, 2001

Consolidated Balance Sheets

Years ended December 31, (in thousands of dollars)	2000	1999
> Assets:		
Current assets:		
Cash	\$ 2,739	\$ 1,526
Accounts receivable	4,087	1,033
Prepaid expenses and deposits	98	53
Inventory	359	—
Other assets	225	—
	7,508	2,612
Capital assets (note 5)	17,247	5,914
Deferred development costs	41	21
Goodwill, net of amortization of \$25 (note 4)	8,580	—
	\$ 33,376	\$ 8,547
> Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,338	\$ 4,728
Due to Caterpillar Power Ventures Corporation (note 8)	64	—
Current portion of long-term debt (note 6)	511	621
	4,913	5,349
Long-term debt (note 6)	3,553	1,753
Minority interest (note 3)	11,096	—
	19,562	7,102
Shareholders' equity:		
Share capital (note 7)	17,243	3,557
Cumulative translation adjustment	98	(76)
Deficit	(3,527)	(2,036)
	13,814	1,445
Continuing operations (note 2)		
Commitments (note 10)		
Subsequent events (note 13)		
	\$ 33,376	\$ 8,547

See accompanying notes to consolidated financial statements.

Approved by the Board:



Director



Director

Consolidated Statements of Loss and Deficit

Years ended December 31, (in thousands of dollars except per share amounts)	2000	1999
> Revenue:		
Electricity sales	\$ 2,156	\$ 476
> Expenses:		
Plant operations	1,119	130
General and administration	1,445	1183
Depreciation and amortization	766	364
Interest on long-term debt	296	44
Foreign exchange loss	30	—
	3,656	1,721
Loss before income taxes and minority interest	(1,500)	(1,245)
Income taxes (note 9)	7	3
Minority Interest	(16)	—
Net loss	(1,491)	(1,248)
Deficit, beginning of year	(2,036)	(16)
Deficit assumed on acquisition of subsidiary (note 4)	—	(652)
Allocation of purchase price of subsidiary to deficit (note 4)	—	(120)
Deficit, end of year	\$ (3,527)	\$ (2,036)
Basic and diluted loss per share	\$ (0.05)	\$ (0.08)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31, (in thousands of dollars except per share amounts)	2000	1999
> Cash provided by (used in):		
> Operations:		
Net loss	\$ (1,491)	\$ (1,248)
Items not involving cash:		
Depreciation and amortization	766	364
Issuance of share capital for settlement of note payable	—	150
Minority interest	(16)	—
Foreign exchange loss	30	—
Cash flows from operations	(711)	(734)
Change in non-cash working capital (note 11)	(453)	(64)
	(1,164)	(798)
> Financing:		
Issue of common share (net of issue costs)	5,277	2,827
Increase in long-term debt	1,902	2,063
Changes in non-cash working capital	(113)	(79)
	7,066	4,811
> Investments:		
Purchase of plant and equipment	(1,280)	(5,999)
Acquisitions	(305)	(120)
Deferred development costs	(20)	—
Changes in non-cash working capital	(3,263)	3,700
	(4,868)	(2,419)
Effect of foreign exchange	179	(76)
Increase in cash	1,213	1,518
Cash, beginning of year	1,526	8
Cash, end of year	\$ 2,739	\$ 1,526
Basic and diluted cash flow per share	\$ (0.02)	\$ (0.05)

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2000 and 1999

(Tabular amounts in thousands of dollars, except shares and per share amounts)

> 1. Basis of presentation:

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. On December 20, 2000, Jupiter Power International Inc. ("Jupiter") entered into an agreement with Maxim Energy Group Ltd. ("MAXIM") whereby a business combination was effected between the two companies. As described in note 4, the transaction has been accounted for as a reverse take-over and MAXIM is considered to have acquired Jupiter. Accordingly, these consolidated financial statements reflect the historical accounts of MAXIM together with the accounts of Jupiter from the effective date of acquisition. Subsequent to the business combination, Jupiter changed its corporate name to Maxim Power Corp. (the "Corporation").

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries. The Corporation has accounted for its 51 percent interest in Jupiter Power Holdings (Bermuda) Ltd. and its 45 percent interest in Cambo-Cana Power Corporation and Import Export Co. Ltd. using the purchase method of accounting for business combinations. Using this method, the Corporation has reflected 100 percent of the accounts of these entities in its consolidated financial statements. A deduction for the non-controlling interest's proportion of the accounts has been shown separately as "Minority interest".

The consolidated financial statements of the Corporation have been prepared by management in accordance with accounting principles generally accepted in Canada. Since a determination of many assets, liabilities, revenues, and expenses is dependent upon future events, the preparation of these consolidated financial statements requires the use of estimates and assumptions which have been made with careful judgment. In the opinion of management, these consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

> 2. Continuing operations:

The continuation of the Corporation is dependent upon the ability of the Corporation to attain future profitable operations. These consolidated financial statements have been prepared on the basis of Canadian accounting principles applicable to a company with continuing operations, which assume that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operations. Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption were not appropriate for these financial statements, then adjustments might be necessary to the carrying value of assets and liabilities, reported expenses and the balance sheet classifications used.

> 3. Significant accounting policies:

(a) Plant and equipment:

Plant and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful life at average annual rates ranging from five percent to 25 percent. Depreciation commences in the year the assets are put in use.

(b) Long-term investments:

The investments in associated companies are accounted for using the equity method. Under the equity method, the original cost of the shares is adjusted for the Corporation's share of post-acquisition earnings or losses less dividends.

(c) Goodwill:

Goodwill, representing the excess purchase price of acquired businesses over the fair value of net assets acquired, is amortized on a straight-line basis over 10 years. The carrying value of goodwill is written down when the undiscounted expected future operating cash flows derived from the acquired businesses are lower than the carrying value.

(d) Foreign currency translation:

Assets and liabilities of self-sustaining foreign subsidiary operations are translated into Canadian dollars at the period end rates of exchange. Revenues and expenses are translated using average exchange rates for the year. Translation adjustments are reflected in the Cumulative translation adjustment in shareholders' equity.

Assets and liabilities of integrated foreign subsidiary operations are translated into Canadian dollars at the period end rates of exchange for monetary items and at exchange rates prevailing at the transaction date for non-monetary items. In general, average exchange rates for the year are used to translate the revenues and expenses. Exchange gains or losses are included in income except for the exchange gains or losses related to long-term monetary items, which are deferred and amortized over the remaining life of the related items.

(e) Income taxes:

The Corporation follows the liability method of accounting for income taxes in accordance with the Canadian Institute of Chartered Accountants new income tax standard. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective bases, using enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs.

(f) Per share amounts:

Effective December 31, 2000, a new standard for the computation and disclosure of net income per share and cash flow from operations per share was adopted. Under the new standard, the treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments instead of the imputed earnings method.

Basic per share amounts are computed by dividing net income and cash flow from operations by the weighted average number of common shares outstanding for the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if stock options or other dilutive instruments were exercised or converted to common shares. The treasury stock method assumes that any proceeds upon the exercise or conversion of dilutive instruments, for which market prices exceeds exercise price, would be used to purchase common shares at the average market price of the common shares during the period.

(g) Stock-based compensation:

The Corporation has one stock-based compensation plan which is described in note 7. No compensation expense is recognized for this plan when stock options are issued to employees. Any consideration paid by employees upon exercise of stock options is credited to share capital.

> 4. Business combinations:

On December 20, 2000, the shareholders of Jupiter accepted an offer from MAXIM to purchase all of the common shares and special warrants of MAXIM. As consideration, Jupiter issued 31,501,920 shares on the basis of 1.55 common shares for each MAXIM common share and special warrant outstanding bringing the total issued and outstanding common shares to 49,130,326. At the completion of the transaction, the shareholders of Jupiter held 17,678,406 common shares, representing 35.88 percent, and the former shareholders of MAXIM held 31,501,920 common shares representing 64.12 percent. Consequently, the transaction has been accounted for as a reverse take-over and, for accounting purposes, MAXIM is deemed to have acquired Jupiter. In addition, Jupiter issued 0.775 Jupiter warrants for each issued and outstanding special warrants of MAXIM.

Jupiter's business is the ownership and installation of electric power generators and the corresponding sale of power, primarily in the Kingdom of Cambodia. The business is conducted through a joint venture between Jupiter and Caterpillar Power Ventures International, Ltd.

Effective June 12, 2000, MAXIM issued 60,000 common shares to acquire 100 percent of the total issued and outstanding common shares of Comax Energy Ltd. ("Comax").

The above transactions have been accounted for using the purchase method based on the fair values of the net assets acquired as follows:

	Jupiter	Comax
Cost of acquisition:		
Share capital issued	\$ 8,355	\$ 54
Acquisition costs	428	—
	\$ 8,783	\$ 54
Allocated:		
Capital assets	\$ 10,898	\$ 62
Other assets	3,424	4
Goodwill	8,605	—
Liabilities	(3,032)	(12)
Minority interest	(11,112)	—
	\$ 8,783	\$ 54

Effective January 1, 1999, MAXIM acquired 100 percent of the shares of Lausanne Finance BV for consideration of \$120 cash. This acquisition did not result in a change of control, as the shareholders of the company after the acquisition were substantially the same as before. The operations of Lausanne have been included from the date of acquisition January 1, 1999. The assets and liabilities at their historic values were as follows:

	Lausanne
Deferred charges	\$ 21
Plant and equipment	279
Accounts payable	(32)
Notes payable	(609)
Long-term debt	(311)
Deficit	652
	\$ —

> 5. Capital assets:

	Cost	Accumulated Depletion and Depreciation	Net Book Value
December 31, 2000			
Plant and equipment	\$ 19,056	\$ 3,050	\$ 16,006
Assets under construction	1,241	—	1,241
	\$ 20,297	\$ 3,050	\$ 17,247
December 31, 1999			
Plant and equipment	\$ 6,310	\$ 396	\$ 5,914

> 6. Long-term debt:

	2000	1999
Riederberg project	\$ 190	\$ 234
Ravne project	3,593	2,058
Ammann project	281	82
	4,064	2,374
Less current portion	511	621
Total	\$ 3,533	\$ 1,753

The Corporation has three term project bank loans associated with the projects in operation at December 31, 2000.

The Riederberg project financing of 3,100,000 Austrian Shillings ("ATS") is an eight-year term loan, which commenced April 1997 and terminates on March 31, 2005. Total principal advanced to December 31, 2000 is 3,100,000 ATS. The interest rate is 6.95 percent per annum. Security for the loan is an assignment of material sales contracts and equipment maintenance contracts for the project and a charge against the equipment.

The Ravne project financing of 40,125,000 ATS is a 10-year term loan, which commenced May 1999 and terminates on October 31, 2009. Total principal advanced to December 31, 2000 is 40,125,000 ATS. The interest rate is Euribor plus 2.75 percent per annum. Security for the loan is an assignment of material sales contracts and equipment maintenance contracts for the project and a charge against the equipment. The loan agreement requires quarterly prepayments on the loan facility. Prepayments are calculated at approximately 40 percent of the project cash flow for the preceeding quarter. These prepayments will reduce the term of the loan from 10 years to approximately eight years.

The Ammann project financing of 3,840,000 ATS is a seven-year term loan, which commenced September 1999 and terminates on September 30, 2006. Total principal advanced to December 31, 2000 is 3,840,000 ATS. The interest rate is Euribor plus 0.75 percent per annum. Security for the loan is an assignment of material sales contracts and equipment maintenance contracts for the project and a charge against the equipment as well as a pledge of any undistributed cash balance in the project account.

The Corporation's repayment obligations over the next five fiscal years associated with the above noted bank agreements are as follows:

2001	\$ 511
2002	\$ 510
2003	\$ 510
2004	\$ 510
2005	\$ 470

In addition to the above obligations, the Corporation must make mandatory quarterly prepayments on the Ravne Project Loan. The prepayments are calculated on the basis of 40 percent of excess cash flows generated from the project.

> 7. Share capital:

(a) Authorized:

Unlimited number of common shares without nominal or par value

Unlimited number of Class A non-voting preferred shares

Unlimited number of Class B non-voting preferred shares

(b) Issued:

	Number	Amount
Common shares:		
Balance, December 31, 1998	7,500,200	580
Issued to settle notes payable	300,000	150
Issued for cash	5,894,176	2,947
Issue costs	—	(120)
Balance, December 31, 1999	13,694,376	3,557
Issued on acquisition of Comax Energy Ltd.	60,000	54
Balance, December 20, 2000	13,754,376	3,611
Special purchase warrants at December 20, 2000 (note 7(e))	6,569,443	5,277
	20,323,819	8,888
Common shares of Jupiter at date of acquisition	17,678,406	—
Common shares issued to MAXIM for common shares and special warrants previously outstanding (note 4)	31,501,920	8,355
Balance, December 31, 2000	49,180,326	\$ 17,243

Options granted under the plans generally have terms ranging from three to ten years to expiry. The outstanding options are exercisable at various dates up to October 10, 2010. At December 31, 2000, the Corporation has 2,378,750 options exercisable at an average price of \$0.25.

(c) Stock options:

The Corporation has employee stock option plans under which employees, directors and key consultants are eligible to receive grants. There were no stock options issued prior to January 1, 1999. Stock options issued and outstanding are as follows:

	Number	Weighted Average Exercise Price
Granted	1,369,438	\$ 0.38
Cancelled	(94,438)	0.38
Balance, December 31, 1999	1,275,000	0.38
Granted	1,225,000	0.87
Balance, December 20, 2000	2,500,000	\$ 0.62
Elimination of MAXIM options on reverse takeover of Jupiter	(2,500,000)	(0.62)
Conversion to Jupiter options on reverse take-over by MAXIM	3,875,000	0.40
Stock options of Jupiter at date of acquisition	1,770,000	0.26
	5,645,000	0.36
Exercised	(50,000)	(0.29)
Balance, December 31, 2000	5,595,000	0.36

(d) Warrants:

Subsequent to the reverse take-over, the outstanding warrants to purchase 2,000,000 common shares of MAXIM were converted into warrants of the Corporation. At December 31, 2000 warrants to purchase 4,042,154 (1999 - 2,000,000) common shares of the Corporation were outstanding. These warrants are exercisable at prices ranging from \$0.15 to \$0.60 per common share and expire between February 15, 2001 and August 15, 2002.

(e) Special warrants:

During 2000, MAXIM issued 6,569,443 special warrants for \$5,277 net of share issue costs of \$635 through private placements. These special warrants entitled the holder to acquire one common share and one half common share purchase warrant. Each whole share purchase warrant entitled the holder thereof to acquire one common share of MAXIM at a price of \$1.25 and were exercisable for a period of 18 months from the date of acquisition. In conjunction with the reverse take-over on December 20, 2000, all the outstanding special warrants were converted into common shares of the Corporation.

As commission for the issue of special warrants, the Corporation has issued to its Agents 656,944 broker warrants, each warrant entitling the Agent to acquire a broker option entitling the Agent to acquire, for an exercise price of \$0.90, one common share and one half common share purchase warrant. Each whole share purchase warrant entitles the holder thereof to acquire one common share of the Corporation at a price of \$1.25 and are exercisable for a period of 18 months from the date of issue. In conjunction with the reverse take over on December 20, 2000, each outstanding MAXIM broker warrants was converted into 1.55 broker warrants of the Corporation.

(f) Earnings per share:

Basic loss per share has been calculated based upon the weighted average number of shares outstanding during the period of 32,034,694 (1999 - 15,757,198).

> 8. Related party transactions:

The amount due to Caterpillar Power Ventures Corporation ("CPVI") is non-interest bearing with no fixed terms of payment. CPVI is the minority interest holder in Jupiter Power Holdings (Bermuda) Ltd.

On January 1, 1999, the Corporation acquired all of the issued and outstanding shares of Lausanne Finance BV from a company controlled by directors for a purchase price of \$120 (see note 4).

During the year ended December 31, 2000 the Corporation paid \$ nil (1999 - \$304) in consulting fees to companies controlled by directors. Also during the year ended December 31, 2000, \$60 (1999 - \$240) was paid for financial and administrative consulting services provided by a Corporation where the Vice President and Managing Director is a director of the Corporation. Of this amount, \$60 (1999 - \$120) was paid with respect to share issuance costs and charged to share capital and \$ nil (1999 - \$120) was included in general and administrative costs.

During 2000, the Corporation received loans and expense advances of \$ nil (1999 - \$266) from a company where the Vice President and Managing Director is a director of the Corporation. Interest of \$6 was accrued on the loan that was outstanding in 1999.

On November 15, 1999, the Corporation assumed a loan receivable from its subsidiary, Lausanne Finance BV in the amount of \$609 and assumed offsetting promissory notes payable to directors of the Corporation in the amount of \$609. The promissory notes payable were settled in 1999 as follows: \$390 offset against promissory notes receivable and \$219 was repaid to the directors in cash.

During 1999, shares valued at \$150 (1998 - \$530) were issued to directors of the Corporation in exchange for promissory notes. These notes were subsequently settled in 1999 as follows: \$390 offset against notes payable and \$290 in exchange for service.

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

> 9. Income taxes:

Income tax expense (recovery) varies from the amount that would be computed by applying the basic federal and provincial income tax rates for Canada at 44.6 percent (1999 – 44.6 percent) to income (loss) before income taxes. A reconciliation of the differences is as follows:

	2000	1999
Computed tax expense (recovery)	\$ (669)	\$ (556)
Increase/(decrease) in taxes:		
Tax benefits on current year losses not recognized	593	498
Effect of lower foreign income taxes	31	55
Other	52	6
	\$ 7	\$ 3

The components of the net income tax asset at December 31, 2000 is as follows:

	2000
Future income tax assets:	
Non-capital loss carry forwards	\$ 2,737
Share Issue costs	70
Capital assets	(4)
Other	4
Valuation allowance	(2,807)
	\$ —

The Corporation has non-capital tax loss carry forwards of approximately \$7,895 available for deduction against future years taxable income. Of this amount, approximately \$4,000 resulted from the Corporation's Canadian operations and the remaining balance was mainly related to the operations in Cambodia and Austria. The potential benefit of the above loss carry forwards, which begin to expire in 2002, has not been recognized in the financial statements.

> 10. Commitments:

(a) The minimum annual office and equipment lease commitments, inclusive of certain operating costs are as follows:

2001	\$ 151
2002	\$ 173
2003	\$ 174
2004	\$ 180
2005	\$ 182
Thereafter	\$ 45

(b) The Ravne facility has a long-term sales contract with Energetica Ravne d.o.o., a wholly-owned subsidiary of the state-owned Slovenian Steelworks, for the production of electricity and heat. This contract provides for a minimum monthly fixed revenue of 585,444 ATS and a variable revenue on the basis of kilowatt hours of electricity generated. The Corporation has a long-term operations and maintenance contract for the Ravne facility which is payable quarterly and is based on the number of kilowatt hours produced from the facility for the preceeding quarter.

> 11. Change in non-cash working capital:

	2000	1999
Increase in accounts receivable	\$ (274)	\$ (993)
Increase in prepaid expenses	(42)	(53)
Increase (decrease) in accounts payable	(137)	982
	\$ (453)	\$ (64)
The following cash payments have been made during the year:		
	2000	1999
Taxes	\$ 5	\$ 3
Interest	\$ 252	\$ 23

> 12. Segmented information:

The Corporation is an independent power company engaged in the development, ownership and operation of power generation facilities and the sale of electricity and heat. The Corporation's revenues by geographic area are as follows:

	2000	1999
Slovenia	\$ 1,174	\$ 169
Europe, excluding Slovenia	491	307
Cambodia	405	—
Canada	86	—
Total	\$ 2,156	\$ 476

The location of the Corporation's capital assets by geographic area are as follows:

	2000	1999
Slovenia	\$ 4,658	\$ 5,368
Europe, excluding Slovenia	454	527
Cambodia	10,851	—
Canada	1,284	19
Total	\$ 17,247	\$ 5,914

Any changes in government policies in foreign jurisdictions could have a significant impact on the Corporation's proposed business ventures. Risks of foreign operations include, but are not necessarily limited to, changes of laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange, inflation, exchange control, repatriation of earnings and civil unrest. There are no assurances that the economic and political conditions in the countries in which MAXIM operates and intends to operate will continue in such countries as they are at the present time. The effect of these factors cannot be accurately predicted.

> 13. Subsequent events

(a) During January 2001, the Corporation acquired an initial 13.2 percent interest in Etho Power Corporation ("ETHO") for consideration of \$1,500 cash. On March 6, 2001, the Corporation exercised its option to acquire an additional interest in ETHO by issuing 1,763,265 common shares of the Corporation at \$1.01 per share. These transactions resulted in the Corporation holding a 25 percent equity interest in ETHO.

(b) During February 2001, the Corporation entered into an agreement with Jenbacher Energy Systems ("Jenbacher") for the purchase of power generators. These generators will be installed in southern Alberta in the summer of 2001. The Corporation has a remaining commitment to pay \$11,625 to Jenbacher upon shipment and start-up of the generators.

(c) On February 21, 2001, the Corporation received a total of \$5,530, net of related costs of \$470, through a private placement of 6,316,000 Special Warrants. Each Special Warrant will entitle the holder to acquire, at no additional cost, one common share of the Corporation and is exercisable for a period of up to one year from the date of issue. The proceeds from the issue are used to fund the acquisition of additional power generating capacity and for general corporate purposes.

> 14. Financial instruments:

(a) Foreign currency exchange risk:

The Corporation is exposed to foreign currency fluctuations as the Corporation has a majority of its assets and liabilities denominated in foreign currencies that creates an exposure in exchange rates.

(b) Credit risk:

Credit risk arises from the possibility that the entities to which the Corporation provides services may experience difficulty and be unable to fulfill their obligations. The Corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services.

A significant portion of the Corporation's trade accounts receivable are in Jupiter Power Cambodia Co. Ltd. and Jupiter Power (Cambodia) Co. Ltd., which are wholly-owned subsidiaries of Jupiter Power Holdings (Bermuda) Ltd. These trade accounts receivables in the amount of \$3,163 are receivable from Electricité du Cambodge in Phnom Penh Cambodia.

(c) Fair value of financial instruments:

The carrying amounts of financial instruments included in the balance sheet, other than long-term debt, approximate their fair value due to their short-term maturity. The long-term debt have carrying values that approximate fair value due to the cost of borrowing floating at December 31, 2000 and 1999.



From left to right:
J. Garry Worth, David E.T. Pinkman,
John R. Bobenic, Gordon C. Ross
and Rick Hopp

Board of Directors

> Alan Moon (1)(2)

Chairman of the Board
President, Crescent Enterprises Inc.

> William Gallacher (1)(2)

Board Secretary
Chief Operating Officer and Managing Director,
Avenir Capital Corporation

> J. Garry Worth

Executive Director
Maxim Power Corp.

> Johann Polz (1)

Director
International Business Development, Soffimat

> John R. Bobenic (2)

Director
President and Chief Executive Officer, Maxim Power Corp.

> David E.T. Pinkman

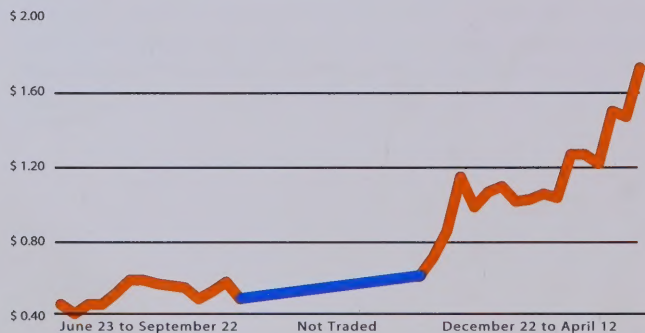
Director
Vice President, Asia Operations, Maxim Power Corp.

(1) Member of the Audit Committee

(2) Member of Corporate Governance and Compensation Committee

Weekly Trading

Closing Price (2000 - 2001)



Management

> John R. Bobenic

President and Chief Executive Officer

> Gordon C. Ross

Vice President, Finance and Administration
and Chief Financial Officer

> J. Garry Worth

Executive Director

> Richard Hopp

Senior Vice President, Business Development

> David E.T. Pinkman

Vice President, Asia Operations

> Pat A. Lucas

Director, Project Development and Operations

> Sebastian Wong

Controller

> Ward Christensen

Manager, Business Development

> Kim Arnold

Manager, Business Development

> Harald Himmler

General Manager, ETA EnergieServices, GmbH

Corporate Information

Annual Meeting The Annual Meeting of shareholders will be held at 9:00 a.m. on Friday, June 8, 2001, at the Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta.

All shareholders and interested parties are invited to attend.

Share trading information The Corporation trades on the Canadian Venture Exchange under the symbol "MXG"

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Auditors KPMG LLP, Calgary, Canada





MAXIM is committed to being an
environmentally responsible Corporation

As part of that commitment this
annual report is printed on recycled paper

